

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4218

ANSWERED ON:04.05.2007

IT REFUNDS

Gaikwad Shri Eknath Mahadeo; Mane Smt. Nivedita

Will the Minister of FINANCE be pleased to state:

(a) whether the income tax refund cheques are delayed to show increase in the tax collections as reported in Times of India dated March 17, 2007;

(b) if so, the facts in this regard; and

(c) the reaction of the Government thereto and the steps taken by the Government for timely issuing of income tax refund cheques to the assesseees?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) No Sir.

(b) Does not arise in view of reply to (a) above.

(c) Sir, raising of demand or granting of refund to an assessee consequent to assessment in accordance with the statutory provisions of the Income Tax Act, 1961 is a continuous process of the Income Tax Department. Delayed refund does not help to show increase in collection as delayed refund, if any, will adversely affect the collection of next year. The Department has issued refund of Rs 37313 crore in Financial Year 2006-07 which is 26.7% more in comparison to refund of Rs 29434 crore in Financial Year 2005-06. Some of the steps taken by the Department to ensure timely refund to the assesseees are :-

(i) Computerized processing of returns has been introduced to ensure timely issue of refunds.

(ii) Guidelines have been issued by CBDT to process all returns within four months of filing of returns and issue refunds.

(iii) Electronic Clearing System (ECS) has already been introduced in 25 major cities to directly credit the refunds into the bank account of taxpayer.

(iv) Field formations have been directed to process refund bearing returns on priority to reduce avoidable interest payable by the Government under provisions of section 214/244 A of the Income Tax Act, 1961.

(v) Refund Banker Scheme has been introduced to facilitate taxpayers to get timely receipt of refund.